

AMENDED IN SENATE JUNE 9, 1999

AMENDED IN SENATE APRIL 26, 1999

AMENDED IN SENATE APRIL 12, 1999

## SENATE BILL

No. 781

### Introduced by Senator Speier

February 25, 1999

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An act to add Chapter 18 (commencing with Section 50898) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 781, as amended, Speier. Housing subsidies: counties.

Existing law sets forth the duties of the Department of Housing and Community Development in administering various housing programs in the state.

This bill would require the department to ~~implement~~ *oversee* a *rental* housing subsidy program to be administered by counties, at their option, pursuant to which families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program, or who are certain former CalWORKs recipients whose income is less than 150% of the federal poverty level, would receive subsidies for rent for up to 3 years, at specified levels. It would require a county ~~applying to provide~~ *receiving* subsidies to provide a 15% match, and would authorize the county to develop criteria for eligibility for the program in addition to that set forth in the bill, and to designate a local

agency or community-based organization to implement the program.

The bill would require participating counties to provide a status report to the department by March 1, 2003, and would require the department to report to the Legislature by September 1, 2003, on the program.

*The bill would provide that funding for the rental housing subsidy program shall be provided through reserve Temporary Assistance for Needy Families (TANF) program funds only during fiscal years in which the Legislature has appropriated funds to the department for the rental housing subsidy program.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares the  
2 following:

3 (a) According to nationwide research, California has  
4 the greatest number of low-income renters facing  
5 unaffordable rents, substandard conditions, or both.

6 (b) The average monthly rents in high-cost areas of  
7 the state are as much as 60 percent or more above the  
8 statewide median.

9 (c) The average rents in high-cost counties are almost  
10 double the maximum aid payment for CalWORKs  
11 families.

12 (d) Families in high-cost areas are increasingly at risk  
13 of homelessness as they struggle month to month to meet  
14 their basic needs.

15 (e) Research studies have proven that subsidized  
16 housing stabilizes families at risk of homelessness and  
17 helps families move toward self-sufficiency.

18 (f) Thousands of low-income California families will  
19 be required to participate in work activities for a  
20 minimum of 32 hours per week beginning July 1999 and  
21 must find self-sustaining employment within five years or  
22 face losing their CalWORKs benefits.



(g) Counties are finding that families who face housing crises have more difficulty meeting the CalWORKs participation requirements and progressing toward self-sufficiency.

(h) High housing costs and long waiting lists are rendering current federal housing programs ineffective. Section 8 waiting lists in high-cost counties are either closed or are so long that it takes a family more than five years to move to the top of the list to receive a subsidy. Low-income families in high-cost counties have extreme difficulty using Section 8 certificates because the ~~HUD~~ *United States Department of Housing and Urban Development* fair market rents (FMRs) on which federal Section 8 certificates are based do not accurately reflect the extremely high rents.

(i) It is therefore the intent of the Legislature to establish a transitional and time-limited housing subsidy program for CalWORKs families living in high-cost counties that encourages work and provides CalWORKs families with a cash rental subsidy to help them meet their basic needs and progress toward self-sufficiency.

SEC. 2. Chapter 18 (commencing with Section 50898) is added to Part 2 of Division 31 of the Health and Safety Code, to read:

CHAPTER 18. HOUSING SUBSIDIES FOR COUNTIES

50898. (a) The ~~Department of Housing and Community Development shall implement a~~ *department shall oversee a rental* housing subsidy program to be administered by counties, at their option.

(b) (1) The subsidy provided under this section shall be applied for the benefit of families who are successfully meeting participation requirements under the welfare-to-work component of the CalWORKs program pursuant to Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code, or former CalWORKs recipients who are receiving retention services within one year of

1 receipt of aid and whose income level is less than 150  
2 percent of the federal poverty level.

3 (2) To be eligible for a subsidy under this section, a  
4 family must be paying 50 percent or more of ~~their~~ *its*  
5 *grant and income for rent. Counties may establish*  
6 *additional eligibility criteria, at their option.*

7 (c) Individual subsidies under this section shall be  
8 limited to the fair market rents in the local area, as  
9 defined by an acceptable market study, and shall be  
10 applied for no longer than a total of three years, as follows:

11 (1) In the first year, 50 percent of the family's rent shall  
12 be subsidized.

13 (2) In the second year, 40 percent of the family's rent  
14 shall be subsidized.

15 (3) In the third year, 30 percent of the family's rent  
16 shall be subsidized.

17 (d) Rental units subsidized under this program shall  
18 meet acceptable housing quality standards.

19 ~~(e) A county applying to provide subsidies pursuant to~~  
20 ~~this section shall provide a 15 percent match, which may~~  
21 ~~include funds from the county's CalWORKs single~~  
22 ~~allocation or county maintenance-of-effort funds under~~  
23 ~~the CalWORKs program, or other county funds to the~~  
24 ~~extent not in conflict with federal law. County funds~~  
25 ~~expended on housing case management linked to this~~  
26 ~~program shall count toward the required match. County~~  
27 ~~funds currently being expended on housing assistance~~  
28 ~~programs for needy adults may also be counted toward~~  
29 ~~the 15 percent match requirement.~~

30 ~~(f)–~~

31 *(e) In order to receive funds under this section, a*  
32 *county shall demonstrate an urgent need for housing*  
33 *assistance for its families receiving CalWORKs assistance.*  
34 *Counties shall submit to the department documentation*  
35 *that includes the number and percentage of CalWORKs*  
36 *families paying more than 50 percent of their grant and*  
37 *income in rent, the number and percentage of*  
38 *CalWORKs families living in shared housing, the average*  
39 *rents by unit size broken down by subcounty region, the*  
40 *vacancy rate among units whose rental cost is at or below*

1 100 percent of the United States Department of Housing  
2 and Urban Development (HUD) fair market rent levels  
3 for the county, and the incidence of homelessness among  
4 CalWORKs families in the county. Only counties that  
5 provide sufficient documentation demonstrating a need  
6 for housing assistance for its CalWORKs families shall  
7 receive funding under this section.

8 (f) A county that receives funds pursuant to this  
9 section shall provide a 15 percent match, which may  
10 include funds from the county's CalWORKs single  
11 allocation, county maintenance-of-effort funds under the  
12 CalWORKs program, county CalWORKs incentive  
13 funds, or other county funds to the extent not in conflict  
14 with federal law. County funds expended on housing case  
15 management linked to this program shall count toward  
16 the required match.

17 (g) Eligible counties shall be allocated a dollar amount  
18 based on a formula that takes into account the size of the  
19 county CalWORKs population, the number of  
20 CalWORKs families paying more than 50 percent of their  
21 grant and income in rent, and the HUD Fair Market Rent  
22 fair market rent levels. The formula shall be determined  
23 by a work group comprised of representatives from the  
24 county welfare department and the Department of  
25 Housing and Community Development.

26 ~~(g) A county providing subsidies pursuant to this~~  
27 ~~section may develop criteria for eligibility for the~~  
28 ~~program in addition to that set forth in this section, and~~

29 (h) A county may designate a local agency, including  
30 the county welfare department, ~~or~~ or the local public  
31 housing agency, or a community-based organization to  
32 implement the program. All counties that choose to  
33 participate in the program shall develop a county  
34 CalWORKs housing stabilization plan that outlines the  
35 program design and includes ~~details about the population~~  
36 ~~to be served~~ the criteria for family selection, the amount  
37 and source of the local matching funds, a description of  
38 how housing quality standards will be met, and evidence  
39 of consultation with local stakeholders. If the local agency  
40 designated to implement the program is not the county

1 welfare department, the county welfare department  
2 shall participate in the development of the plan. The  
3 County CalWORKs Housing Stabilization Plan shall be  
4 approved by the board of supervisors in each county *and*  
5 *shall be submitted to the department for certification. In*  
6 *overseeing the county operated programs, the*  
7 *department shall ensure that each county fulfills its*  
8 *responsibilities as outlined in its housing stabilization*  
9 *plan.*

10 ~~(h)~~—

11 (i) Each participating county shall provide to the  
12 department by March 1, 2003, a status report on its  
13 specific subsidy program to enable the department to  
14 complete its report to the Legislature required by  
15 subdivision ~~(i)~~.

16 ~~(i)~~—(j).

17 (j) Notwithstanding Section 7550.5 of the Government  
18 Code, the department by September 1, 2003, shall submit  
19 to the Legislature a report on the status of the subsidy  
20 program.

21 *SEC. 3. Funding for the rental housing subsidy*  
22 *program in Chapter 18 (commencing with Section*  
23 *50898) of Part 2 of Division 31 of the Health and Safety*  
24 *Code added by this act shall be provided through reserve*  
25 *Temporary Assistance for Needy Families (TANF)*  
26 *program funds only during fiscal years in which the*  
27 *Legislature has appropriated funds to the department for*  
28 *the purpose of that rental housing subsidy program.*

